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BEFORE THE ARIZONA CORPORATION

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AZ CORP COMMISSION
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IN THE MATTER OF THE COMMISSION
INQUIRY INTO AMENDMENT OF THE
COMMISSION'S RULES RELATED TO
PUBLIC SERVICE CORPORATIONS'
RELEASE OF CUSTOMER INFORMATION
INCLUDING AMENDMENT OF THE
RULES TO SPECIFICALLY ADDRESS
PRIVACY AND CONFIDENTIALITY
CONCERNS RELATED TO SMART
METERS

DOCKET NO. RU-00000A-14-0014

Arizona Corporation Commission

DOCKETED

JUL 7 2014

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COMMENTS OF SOUTHWEST GAS CORPORATION ON DRAFT RULES

Southwest Gas Corporation (Southwest Gas or Company) hereby submits its comments in response to the Arizona Corporation Commission's Utilities Division Staff's (Staff) draft rules concerning the release of customer information, and privacy and confidentiality concerns related to smart meters (Customer Privacy Rules or Rules) that were published June 24, 2014.

Southwest Gas takes matters concerning customer privacy seriously, and has internal policies and procedures in place to protect against the unauthorized access, use, and disclosure of its customers' personally identifying information, in a manner consistent with industry standards. Southwest Gas therefore supports the idea of developing rules to address the handling of private customer information. However, the Company believes that the Customer Privacy Rules, as currently drafted, do not provide sufficient clarity and consistency and, in some instances, stand to confuse customers and inadvertently unduly burden both utilities and the Commission. Southwest Gas offers the following examples for consideration:

1. R-14-2-2203(B) allows for the use and disclosure of private customer information, “as necessary to enable the utility directly or indirectly to provide the customer with any utility service and any utility product requested by the customer or to which the customer has subscribed.” No further definition or explanation of “utility service” or “utility product” is provided. If this provision is construed too narrowly (i.e., providing natural gas to end-users), it could unintentionally exclude the use and disclosure of private customer information for routine and important utility initiatives, such as customer satisfaction surveys, on-line billing, safety awareness, energy education, low-income programs, and energy efficiency programs – each of which is reasonably related to the provision of utility service. Further clarification is necessary, not only to define the intended scope of this provision but to, in turn, clarify the scope of R-14-2-2204.¹

2. R14-2-2203(C) requires that agents, affiliates, or associates of a utility execute a confidentiality agreement before receiving private customer information from a utility. This provision should be clarified such that confidentiality provisions within utility/vendor contracts satisfy the requirements of this section in the same manner as an independently executed confidentiality agreement.

3. R14-2-2209(A) sets forth certain instances where a utility may use or disclose private customer information without first obtaining customer opt-in approval. This provision should be modified to include utility responses to both informal and formal customer complaints.

4. The requirements of R14-2-2209(B) and (C) create a potential undue burden on both utilities and the Commission, and could lead to customer confusion. R14-2-2209(B) requires a utility to create and maintain an independent record each time it uses or discloses private customer information without first obtaining a customer opt-in, as provided in Subsection (A) of this

¹R14-2-2204 requires utilities to obtain opt-in approval from customers prior to using or disclosing private customer information for any purpose other than those described in R14-2-2203(B).

1 provision. R14-2-2209(C) goes on to require a utility (in most instances) to notify both affected
2 customers and the Commission each time a disclosure occurs pursuant to Subsection (A). Because
3 matters of regulatory compliance fall under Subsection (A), the potential exists for a record to be
4 created (and for notification to occur) for routine regulatory matters, such as when a utility submits
5 information in compliance with a Commission decision, or participates in a pipeline safety audit.²
6 Further, because a record is created pursuant to Subsection (B) each time an applicable disclosure is
7 made, any disclosures related to such records (for example, an audit of a utility's compliance with
8 the Customer Privacy Rules) would trigger yet another notification to customers and the
9 Commission. Finally, providing notification to the Commission (as opposed to Staff) presumably
10 requires the filing of a publically available document. Given that the notification must identify
11 what private information was disclosed, for what purpose, and to whom, this requirement appears
12 inconsistent with the intended purpose of the Customer Privacy Rules.

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24 ² In these instances, it would not be unusual for Staff to request information containing physical locations (i.e., customer addresses), thereby triggering R14-2-2209(B) and (C).

1 **CONCLUSION**

2 Southwest Gas appreciates the opportunity to provide its comments on the draft Customer
3 Privacy Rules, and looks forward to working with other interested parties as the Rules are further
4 developed and refined.

5 DATED this 7th day of July, 2014.

6 SOUTHWEST GAS CORPORATION

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1 ORIGINAL and 13 COPIES of
2 the foregoing filed this 7th day
of July, 2014, with:

3 Docket Control
4 Arizona Corporation Commission
1200 W. Washington
5 Phoenix, Arizona 85007

6 A COPY of the foregoing
7 served by e-mail
this 7th day of July,
8 2014 on:

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14 an employee of Southwest Gas Corporation